Government of Saskatchewan

Annual Report 1983-84

Saskatchewan Health

Prescription Drug Plan

85-1397/

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Graham Taylor,
Minister of Health

To The Honourable Frederick W. Johnson,
Lieutenant Governor of Saskatchewan

May it please Your Honour:

In accordance with Section 8(3)(e) of The Prescription Drugs Act, I am pleased to present the Annual Report of the Prescription Drug Plan for the period of April 1, 1983 to March 31, 1984.

Respectfully submitted,

Graham Taylor

Graham Taylor,
Minister of Health

Walter Podiluk,
Deputy Minister
of Health

To The Honourable Graham Taylor,
Minister of Health

Sir:

I am pleased to present herewith the Annual Report of the Prescription Drug Plan for the fiscal year ending March 31, 1984.

Respectfully submitted,

W. Podiluk

Walter Podiluk,
Deputy Minister
of Health

W. F. (Rick) Roger,
Associate Deputy
Minister of Health

J. C. Reid,
Executive Director,
Prescription Drug
Plan (April 1, 1983
to October 31, 1983)

Trevor J. Quinn,
Acting Executive
Director, Prescription
Drug Plan (November 1,
1983 to March 12, 1984)

R. J. (Ron) Waschuk,
Executive Director,
Prescription Drug
Plan (March 13, 1984
to March 31, 1984)

Objectives of the Prescription Drug Plan

The Prescription Drug Plan was established to:

1. Reduce the direct cost of prescription drugs to Saskatchewan residents.
2. Provide coverage to Saskatchewan residents for quality pharmaceutical products of proven therapeutic effectiveness.
3. Reduce the cost of drug materials by encouraging effective price competition and quantity discounts.
4. Encourage the rational use of prescription drugs through research, consultation with professional associations, and educational programs directed at physicians, pharmacists and the general public.

History

1. The Prescription Drug Plan began providing benefits on September 1, 1975.
2. In addition to drugs listed in the formulary, certain drugs were granted "exception status" if specific criteria were met.
3. Since January, 1976, some nutritional products have been covered.
4. As of April, 1981, the Prescription Drug Plan became the paying agent for the Medical Services Division (MSD) and Aids to Independent Living (SAIL). Payment is made to pharmacies for non-formulary prescription drugs that are benefits of these two agencies.
5. Liquid oxygen became a benefit in November, 1983.

Background to the Prescription Drug Plan

The Prescription Drug Plan was designed in consultation with physicians, pharmacists and pharmaceutical wholesalers. The major features of the Prescription Drug Plan incorporate the recommendations of the Hall Commission to the federal government and the Thompson Committee to the Saskatchewan government.

The major design criteria of the Prescription Drug Plan were:

1. The Prescription Drug Plan should be a universal program.
2. The consumer should pay a portion of the cost of each prescription.
3. A drug formulary system should be used. Only drugs proven to be therapeutically effective and made by competent manufacturers should be covered.
4. There should be government involvement in the purchasing of drugs to reduce drug material cost.
5. The existing wholesale and pharmacy retail distribution system should be used.

These criteria were incorporated in the enabling legislation for the Prescription Drug Plan, The Prescription Drugs Act, which was assented to on May 10, 1974.

The Plan in Brief

All Saskatchewan residents who hold valid Saskatchewan Health Services cards, except those who have prescription costs paid by another government agency, are eligible for benefits under the Prescription Drug Plan.

Drugs covered by the Prescription Drug Plan must be prescribed by a licensed physician or dentist and be listed in the Saskatchewan Formulary.

The range of drugs listed in the formulary enables physicians to select appropriate courses of therapy for most patients. Drugs are under continuous review, and additional drugs are added to the Saskatchewan Formulary if they meet the standards established by the Saskatchewan Formulary Committee.

Consumers pay a maximum of $3.95 per prescription (as of January 2, 1984) for drugs covered by the Prescription Drug Plan.

The Prescription Drug Plan provides staff support services to the Saskatchewan Formulary Committee, the Drug Quality Assessment Committee, and the Joint Committee on Drug Utilization.

Highlights for 1983-84

- An independent review of the Drug Plan found the program cost-effective and popular.

- Seventy per cent of the eligible population received benefits.

- An average of 7.2 prescriptions was dispensed to each active beneficiary.

- The average Drug Plan payment for 398,282 families receiving benefit from the Prescription Drug Plan was $118.79.

- There were 4.9 million claims processed in the fiscal year.

- Net Drug Plan payments for drugs increased from 39.8 million in 1982/83 to 47.3 million.

- The Drug Plan provided benefits for oxygen and Exception Status drugs.

- Two editions of the Saskatchewan Formulary were published with 98 new products added, bringing the total to more than 1,570 drug products listed.

- Five editions of the Saskatchewan Formulary Bulletin were released during the year. Three of these were part of a series on antibiotics; others provided information about new products listed in the formulary.

- There were over 1,611 prescribers of formulary drugs. Of these, 607 prescribed between 20 and 499 prescriptions paid by the Prescription Drug Plan and 94 prescribed more than 10,000 prescriptions.

- In consultation with the Saskatchewan Pharmaceutical Association, the dispensing fee for drugs was increased to $5.30 as of December 1, 1983.

- During the year, 14 pharmacies transmitted over 475,000 claims via telecommunications.

- During the year, funding was provided for:

  a) the Roving Professorship Program which brought information on current drug therapy to smaller communities throughout the province.

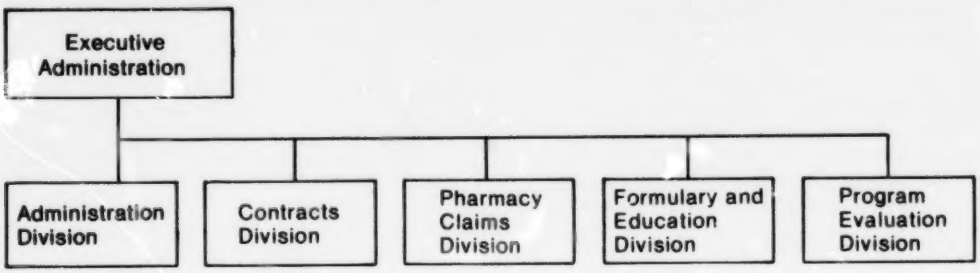
  b) the Dial Access Program, a province wide drug information service for professionals.

- The Joint Committee on Drug Utilization released Report No. 6 — "Use of Propoxyphene in Saskatchewan", Report No. 7 — "Use of Benzodiazepines", and Report No. 8 — "Use of Mood-Modifying Drugs in Saskatchewan — Update".

- Drug Plan personnel visited 23 pharmacies to discuss various aspects of the Drug Plan as they affect pharmacists.

- The Program Evaluation Division received over 300 requests for information from physicians, researchers and drug manufacturers.

Administrative Organization



Executive Administration

The Executive Administration is responsible for the management of the Prescription Drug Plan. The Executive Director serves as the principal contact on matters of policy and procedures with representatives of pharmacy, medicine, drug wholesalers and drug manufacturers.

Administration Division

The Administration Division is responsible for developing and implementing the administrative policies and procedures of the Prescription Drug Plan.

The division's functions include: budget preparation and monitoring; space, property and supply management; audit and verification; processing of revenue accounts and expenditures (excluding computerized pharmacy claims); ensuring pharmacies receive payment; processing of manual claims payment; preparation of reports, materials and financial data for the year end statements; other administrative functions.

The division provides support services to other Prescription Drug Plan divisions including: personnel management; team typing; productivity co-ordination.

The Audit and Verification Section conducts post-audits of pharmacy claims and randomly selects claims for verification by the beneficiary. This ensures compliance with the Pharmacy Contract.

Contracts Division

The prime function of the Contracts Division is to ensure that pharmacies have available to them a continuous supply of quality drugs at reasonable prices.

The functions of this Division include: obtaining guaranteed prices from manufacturers for all products listed in the formulary; issuing tenders for high volume drugs; ensuring wholesalers have an adequate supply of drugs so that pharmacies are able to purchase quantities needed; maintaining liaison with manufacturers to ensure prices charged in Saskatchewan are in line with those of the rest of the country; updating prices for MSD and SAIL claims for acceptance into the regular claims system.

Pharmacy Claims Division

The objectives of the Pharmacy Claims Division are to: provide accurate and prompt payment; maintain efficiency and cost-effective operation and processing; maintain credibility with the pharmacist.

The Pharmacy Claims Division is responsible for the processing and payment of accounts submitted by participating pharmacies and dispensing doctors. The computer services necessary for the processing of claims are co-ordinated by this division and supplied by the Systems Division, Saskatchewan Revenue, Supply and Services, the Saskatchewan Computer Utility Corporation and the Saskatchewan Hospital Services Plan.

The processing and payment of pharmacy claims involve the combined efforts of several sections in the Pharmacy Claims Division. The Systems Section provides analysis and detail design for changes to manual and computer processing of claims. This section also has responsibility for systems control measures and implementation and testing of system and computer program changes.

The Processing Section is made up of three units. The Mail Room Unit receives and screens incoming claims. The Data Entry Unit transfers the information from those claims to magnetic tape to enable computer processing of accounts. The routine assessment and approval of accounts for payment are performed by computer. Each claim is checked against stored information to determine whether it can be approved for payment. Claims which are not approved for payment are rejected for manual review. Those which require clarification or interpretation are sent to the Assessment Unit.

The Pharmacy Claims Division is responsible for communication with pharmacies regarding Prescription Drug Plan operations. The division issues periodic bulletins to pharmacies and

maintains the Pharmacy Manual. These items provide pharmacies with current statements of Prescription Drug Plan policy and information on submission and processing of claims.

The number of prescriptions processed per employee in the Claims Division has increased from 87,211 in the 1979-80 fiscal year to 138,511 claims in the current fiscal year.

Formulary and Education Division

The objectives of the Formulary and Education Division are to: provide assurance of quality and therapeutic effectiveness of all drugs covered by the program; provide assurance of interchangeability; develop educational programs for consumers, physicians and pharmacists aimed at encouraging the rational use of prescription drugs.

The functions of the Division include: providing staff support services to the Drug Quality Assessment Committee and the Saskatchewan Formulary Committee in the review of products under consideration for listing in the Formulary; implementing recommendations of the Saskatchewan Formulary Committee regarding listing (or de-listing) of products and designation of interchangeable status; publishing the Saskatchewan Formulary; maintaining surveillance of drug quality; encouraging rational use of drugs by development and support of educational programs and services for consumers, physicians and pharmacists; reviewing requests from physicians and authorizing special categories of drug coverage (for example, Exception Drug Status, Saskatchewan Assistance Plan 2 coverage) when appropriate.

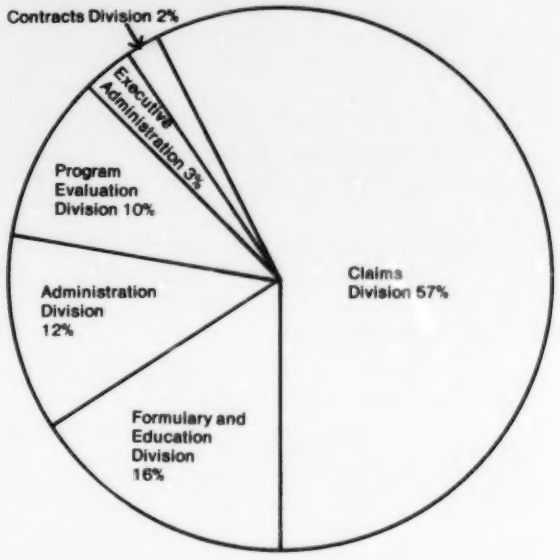
Program Evaluation Division

The Program Evaluation Division functions to provide evaluative and research services.

The responsibilities of this division include: specification and production of statistical information; preparation of the Annual Report; management support services through the provision of information and assistance in the development of policies and procedures to improve the operation of the Prescription Drug Plan; maintenance of the data base; use of the data base to evaluate the function of the Prescription Drug Plan, to conduct in-house research, to conduct research for the Joint Committee on Drug Utilization, to answer inquiries from other Prescription Drug Plan divisions and from outside the Prescription Drug Plan; representation on the Department of Health's Cross Agency Study Committee; provision of staff support services to the Saskatchewan Formulary Committee and the Joint Committee on Drug Utilization.

Administrative Disbursements

Figure 1. Administrative Disbursements



The total administrative costs for the fiscal year are separated by division in the figure above. The percent allocated to each division is indicated. The figure illustrates that 15% of these disbursements (less than 1% of total program costs) are used to administer the program. For ease of discussion the divisions and their general functions appear to be distinct, however, the overall efficiency of the Prescription Drug Plan depends on interdependence of all the divisions.

Release of Information Policy

The Prescription Drug Plan will consider requests for Prescription Drug Plan data from serious researchers.

Drug utilization data will be released by the Prescription Drug Plan in such a way as to protect the confidentiality of the consumer, the dispenser and the prescriber. Information may be used only for purposes specified in the researcher's advance request. Conclusions and interpretations must be discussed with the Prescription Drug Plan prior to publication and the completed study submitted to the Prescription Drug Plan prior to its circulation. Guidelines for the release of Prescription Drug Plan data for research purposes are available on request.

Interested researchers should complete an Application for Research Data form obtainable from the Prescription Drug Plan. If the request is approved, the Prescription Drug Plan will provide the applicant with a cost estimate and a tentative date when the information will be provided.

Inquiries should be directed to the Executive Director, Prescription Drug Plan.

The Saskatchewan Formulary

A drug covered by the Prescription Drug Plan must meet certain requirements. The drug must:

1. Be listed in the Saskatchewan Formulary
2. Be prescribed by a licensed physician or dentist (with the exception of insulin and urine testing agents which may be obtained without prescription).

The range of drugs listed in the formulary will enable physicians to select appropriate courses of therapy for most patients. Drugs are under continuous review, and additional drugs are added to the Saskatchewan Formulary if they meet the standards established by the Saskatchewan Formulary Committee. Drug products will be deleted if they cease to meet these standards. Drugs may also be deleted if they are replaced by improved products. A revised edition of the Saskatchewan Formulary is published January 1 and July 1 of each year.

The Prescription Drug Plan does not normally cover over-the-counter (OTC) preparations which are available without prescription at reasonable cost.

The Prescription Drug Plan does not provide coverage for drugs which are covered by other government agencies. These include drugs administered in hospitals, antineoplastic agents, antituberculosis drugs, blood derivatives, vaccines and sera.

Exception Drug Status

Drugs not listed in the formulary may be covered by the Prescription Drug Plan as "exception drugs" if one of the following criteria is met:

1. The drug is ordinarily administered only to hospital in-patients and is being administered to non-hospitalized patients because of unusual circumstances; or
2. The drug is not ordinarily prescribed or administered in Saskatchewan, but is being prescribed because it is required in the diagnosis or treatment of a patient having an illness, disability or condition rarely found in this province; or
3. The drug is infrequently used because formulary preparations are usually effective, but are contraindicated or found to be ineffective because of the clinical condition of the patient; or
4. The drug is a therapeutically effective over-the-counter (OTC) product normally available without prescription at reasonable cost, but is required in large quantities or for extended periods of time.

Requests for Exception Drug Status must be made by the prescribing physician or dentist to the Director of the Formulary and Education Division. A 24 hour toll-free telephone line with an electronic secretary is provided for this purpose. A separate request is required for each patient.

If the request is approved, an authorization card is sent to the patient. The patient may obtain the approved drug by presenting the card and the prescription to the pharmacist and by paying the normal prescription charge. The pharmacist bills the Prescription Drug Plan in the same manner as for formulary drugs.

Saskatchewan Formulary Committee

The Saskatchewan Formulary Committee is appointed by the Minister of Health to compile and maintain the Saskatchewan Formulary. The formulary lists quality pharmaceutical products of proven medical effectiveness. The range of listed drugs is considered to be sufficient to enable physicians to select appropriate courses of drug therapy for most patients.

The committee identifies certain products as "interchangeable". Interchangeable products are different brands of the same drug with the same strength and equivalent dosage form. They are equivalent in therapeutic effectiveness and quality.

The activities of the committee are ongoing. The formulary is continually being revised and updated with new editions published semi-annually. Part of the ongoing work is to review new drug products, and to re-evaluate formulary drugs in light of new information on their use and effects.

Members of the Saskatchewan Formulary Committee as of March 31, 1984 are:

Mrs. E. MacPhail — Chairperson

Dr. M. Brown — College of Pharmacy

Dr. G. E. Johnson — College of Medicine

Mr. C. Chlopan — Saskatchewan Pharmaceutical Association

Dr. M. Davies — Saskatchewan Medical Association

Dr. D. R. Amies — Saskatchewan Medical Association

Mr. M. Wolfe — Saskatchewan Health Care Association

Mrs. E. Bayda — Saskatchewan Registered Nurses Association

Dr. R. West — Saskatchewan Health

Drug Quality Assessment Committee

The Drug Quality Assessment Committee is appointed by the Minister of Health to advise and assist the Saskatchewan Formulary Committee. The members of this committee are knowledgeable in the clinical use of drugs, pharmacology and drug manufacturing.

The major responsibility of this committee is to make recommendations to the Saskatchewan Formulary Committee regarding the clinical effectiveness and quality of products under review. The committee makes use of consultants' reports, manufacturers' or independent laboratories' analyses, clinical and manufacturing documentations, reviews of relevant scientific literature and visits to manufacturing facilities to assess drug production methods and capabilities.

Members of the Drug Quality Assessment Committee as of March 31, 1984 are:

Dr. G. E. Johnson	Chairman
Dr. M. Brown	College of Pharmacy
Dr. D. Zuck	College of Pharmacy
Dr. T. W. Wilson	College of Medicine
Dr. I. Holmes	College of Medicine
Dr. A. E. Somerville	Saskatchewan Medical Association
Mrs. E. MacPhail	Ex Officio Member

Joint Committee on Drug Utilization

The Joint Committee on Drug Utilization is appointed by the Minister of Health to consider quality of care issues as they pertain to drug use. The committee has the following terms of reference:

1. To identify areas of concern related to drug utilization.
2. To carry out study and analysis related to the concerns identified.
3. To recommend appropriate methods of dealing with concerns related to drug utilization and its impact on the quality of care.

   Recommendations may be made to the Minister of Health or to the various health professional and regulatory bodies, including the constituent bodies which are: the College of Medicine, the College of Pharmacy, the Saskatchewan Medical Association, the Saskatchewan Pharmaceutical Association, the College of Physicians and Surgeons and the Prescription Drug Plan.
4. To provide information that can be used in education programs for the public and the health professions.

The Prescription Drug Plan, through its Program Evaluation Division, assists the committee by providing information on drug use and by undertaking studies to analyse the areas of concern identified by the committee.

The committee has an ongoing program to assist physicians and pharmacists in monitoring mood-modifying drug use. Under this program, a patient medication profile is released to the attending physician and pharmacist where a patient's drug use exceeds usually recommended dosages.

Members of the Joint Committee on Drug Utilization as of March 31, 1984 are:

Dr. J. Blackburn	Chairman College of Pharmacy
Dr. I. Holmes	College of Medicine
Dr. T. A. Wigmore	College of Physicians and Surgeons
Dr. J. D. Coucill	Saskatchewan Medical Association
Mr. G. McCutcheon	Saskatchewan Pharmaceutical Association
Mr. R. J. Waschuk	Prescription Drug Plan

Features of the Prescription Drug Plan

Eligibility for Benefits

All Saskatchewan residents who hold valid Saskatchewan Health Services cards, except those who have prescription costs paid by another government agency, are eligible for benefits under the Prescription Drug Plan.

The groups not covered by the Prescription Drug Plan include:

Registered Indians
(federal government responsibility)

Dept. of Veterans Affairs beneficiaries

Workers' Compensation Board Claimants

Royal Canadian Mounted Police
(dependents are covered by the Prescription Drug Plan)

Canadian Forces Personnel
(dependents are covered by the Prescription Drug Plan)

Prescription Requirements for Coverage

A prescription order from a physician or dentist is required for all drugs covered by the Prescription Drug Plan, with the exception of insulin and urine testing agents used by diabetics.

Cost to Consumer

The consumer pays a maximum of $3.95 per prescription (as of January 2, 1984) for most drugs covered by the Prescription Drug Plan and a maximum of $1.00 per package for insulin and urine testing agents. The balance of the prescription cost is paid by the Prescription Drug Plan.

Pharmacy Reimbursements

According to the current agreement between the Prescription Drug Plan and the Saskatchewan Pharmaceutical Association, the pharmacy receives the acquisition cost of drug material plus a dispensing fee for each prescription. The dispensing fee per prescription for the first 20,000 prescriptions filled per year and per prescription thereafter during the 1983/84 fiscal year are as follows: $5.02 and $4.52 from April 1, 1983 to November 30, 1983 and $5.30 and $4.80 from December 1, 1983.

The Prescription Drug Plan pays the pharmacy the drug material cost plus a dispensing fee subsidy. The fee subsidy paid per prescription for the first 20,000 prescriptions per year and per prescription thereafter are as follows: $1.27 and 77¢ from April 1, 1983 to November 30, 1983; $1.55 and $1.05 from December 1, 1983 to January 1, 1984 and $1.35 and 85¢ from January 2, 1984. The pharmacy charges the consumer up to a maximum of $3.95 per prescription. Approximately 29 pharmacies charge less than the $3.95 maximum.

For insulin and urine testing agents, the Prescription Drug Plan pays the pharmacy the cost of the drug material, plus a percentage markup (33 1/3% for insulin, 50% for urine testing agents), less a maximum consumer charge of $1.00 for these drugs.

Prescription Quantities

The Prescription Drug Plan does not place any new restrictions on the prescribing practices of physicians. The physician continues to exercise his or her professional judgment in determining the course and duration of treatment for patients.

Negotiations with the Saskatchewan Pharmaceutical Association resulted in the establishment of the following guidelines for prescription quantities:

Pharmacies are permitted to charge one dispensing fee for:

1. Each two month supply of oral contraceptives and oral estrogens.

2. Each one hundred day supply of:

   Digitalis preparations
   Phenobarbital
   Anticonvulsant drugs
   Oral hypoglycemic agents
   Calcium preparations
   Thyroid and anti-thyroid preparations
   Gold compounds

3. A 34 day supply of all other formulary drugs.

The Prescription Drug Plan does not impose any limits on quantities prescribed by physicians. A pharmacy, however, may not dispense more than a six-month supply at one time.

Product Interchangeability

The Saskatchewan Formulary Committee has identified approximately 250 interchangeable drug groups. Interchangeable products are different brands of the same drug with the same strength and equivalent dosage form. They are equivalent in therapeutic effectiveness and quality; however, their prices can vary widely. The Prescription Drug Plan utilizes compulsory product substitution in interchangeable drug groups to reduce the cost of drug materials.

The Prescription Drug Plan reimburses pharmacies for their acquisition cost of drug materials. When a prescription is filled for a drug in an interchangeable category, payment is based on the lowest-priced product in that category.

For example, assume that an interchangeable group contains the following brands at the unit prices shown:

Brand 1	$.0180
Brand 2	.0190
Brand 3	.0235
Brand 4	.0235
Brand 5	.0252
Brand 6	.0410

The pharmacist is expected to dispense the most economical product and will be paid accordingly. If the physician prescribes any brand in this category, the pharmacist will be reimbursed for the drug dispensed to a maximum of 1.8¢ per unit.

In some cases, a physician may believe that a particular brand is necessary for the specific need of a patient. If so, he or she must indicate "no substitution" on the prescription, and the pharmacist will dispense the brand specified. If the prescription was written for "Brand 6", "no substitution", the pharmacist would dispense Brand 6 and be reimbursed at a rate of up to 4.1¢ per unit.

Non-Standard Beneficiaries

Certain categories of beneficiaries are entitled to Prescription Drug Plan benefits without paying the normal prescription charge, or are exempted from the charge when they receive certain drugs:

1. Saskatchewan Assistance Plan recipients with Plan 1 coverage pay the normal prescription charge of up to $3.95 for most formulary drugs. Special coverage is provided for the following drugs which Plan 1 recipients are entitled to receive without charge:

   Insulin preparations
   Oral hypoglycemic drugs
   Injectable Vitamin B_{12}
   Oral contraceptives

2. Saskatchewan Assistance Plan recipients nominated on the basis of drug needs (Plan 2 coverage) and dependents of Plan 1 recipients who are under the age of 18 are entitled to receive all drugs listed in the Saskatchewan Formulary without charge. In addition, Saskatchewan Health Medical Services Division covers the cost of megavitamin therapy and allergenic extracts for Plan 1 and Plan 2 beneficiaries.

3. Saskatchewan Assistance Plan recipients residing in special care homes licenced under The Housing and Special-care Homes Act or in approved homes under The Mental Health Act (Plan 3 coverage) are entitled to receive all prescribed drugs without charge. The cost of non-formulary drugs is paid by Saskatchewan Health Medical Services Division.

4. Saskatchewan Assistance Plan recipients are entitled to 100% coverage for liquid and gaseous oxygen. This includes equipment rental and delivery.

5. Special beneficiaries such as cystic fibrosis patients, paraplegics and chronic renal disease patients are entitled to receive all prescribed formulary drugs without charge. In addition, Saskatchewan Health Aids to Independent Living covers the cost of non-formulary disease-related drugs prescribed for special beneficiaries.

Diabetic Policy

Diabetics do not require a physician's prescription to obtain insulin or urine testing agents as benefits under the Prescription Drug Plan.

A diabetic pays a maximum charge of $1.00 for each package of insulin or urine testing agent.

A physician's prescription is required for blood glucose testing agents and oral hypoglycemics. These are subject to a maximum charge of $3.95. A 100 day supply of oral hypoglycemics may be obtained for one prescription charge.

Oxygen Policy

Medical gaseous oxygen is a benefit under the Prescription Drug Plan for eligible Saskatchewan beneficiaries if prescribed by their physician. Coverage for liquid oxygen is limited to nominations from pulmonary specialists or internists specializing in respiratory disease.

The Prescription Drug Plan pays for the cost of the oxygen plus transportation costs to the local depot. The patient pays the cost of cylinder demurrage and local delivery.

Out of province benefits are limited to any ninety days within a calendar year for residents who have a pre-existing medical condition for which oxygen has been prescribed and for which they are undergoing therapy prior to departure.

Nutritional Supplements Policy

Certain nutritional products may be covered by the Prescription Drug Plan on Exception Drug Status when certain disease states do not permit the utilization of food.

The request for coverage must be made by the prescribing physician.

If the request is approved, the Prescription Drug Plan will reimburse the patient for 70% of the nutritional supplement cost in excess of the first $100.

Participating Pharmacies

On March 31, 1984 there were 356 pharmacy outlets participating in the Prescription Drug Plan. This figure includes 305 retail outlets in the province, 19 dispensing doctors, and 32 Manitoba and Alberta border pharmacies.

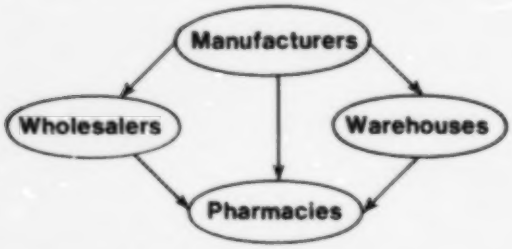
In-province pharmacies which meet the normal licensing requirements of the Saskatchewan Pharmaceutical Association (S.Ph.A.) can participate in the Prescription Drug Plan by signing the Saskatchewan Pharmacy Agreement. The terms of this agreement are established in consultation with the S.Ph.A.

In certain remote communities without pharmacy services, physicians may participate in the Prescription Drug Plan as dispensing doctors.

Out-of-province pharmacies which have an established clientele of Saskatchewan residents are eligible to participate in the Prescription Drug Plan. The pharmacy must sign the Saskatchewan Pharmacy Agreement before being eligible to submit claims and receive payment for drugs dispensed to Saskatchewan residents.

Acquisition and Distribution of Drug Materials

A continuous supply of quality drugs at reasonable prices is ensured using the following distribution network:



The wholesalers are National Drug Limited, Regina, Prairieland Drug Wholesale Limited, Saskatoon and United Pharmacists Enterprises Limited, Saskatoon.

Prior to the implementation of the Prescription Drug Plan, some groups of pharmacies were involved in central purchasing and redistribution. These groups are recognized as "warehouses" and distribute only to member pharmacies. The warehouses are: Federated Co-operatives Limited, and White Cross Drugs Limited.

Drug costs listed in the Saskatchewan Formulary are determined through two methods: Standing Offer Contracts and Maximum Allowable Cost.

1. Standing Offer Contract (S.O.C.)

   An S.O.C. is a contract between a manufacturer and the Prescription Drug Plan to supply certain drug products to approved wholesalers and warehouses at a contracted price. These distributors purchase the drugs from manufacturers and distribute them to pharmacies.

   The procedure is as follows:

   a) The Saskatchewan Formulary Committee identifies the approved suppliers of a drug.
   b) All approved suppliers of that drug are invited to bid on the tender.
   c) An S.O.C. is usually awarded to the supplier(s) providing the lowest tendered price.

   Example:

   Approved Suppliers – 5

   Contract period – for the formulary period January 1 to June 30

   Intended number of contracts – 1

   Package size – 1,000 tablets

   Minimum order quantity – 50,000 tablets

   Estimated requirement – 5,000,000 tablets

   Bids received

Supplier	Brand	Tendered Price
A	1	$0.0068
B	2	0.0075
C	3	0.0121
D	4	0.0352
E	5	0.0422

   A Standing Offer Contract would be made with "Supplier A" for "Brand 1" at $0.0068.

   The pharmacist must dispense the S.O.C. drug in an interchangeable category unless the prescriber has specified "no substitution".

   Standing Offer Contracts may also be used to obtain quantity discounts for single supplier drug products.

2. Maximum Allowable Cost (M.A.C.)

   The M.A.C. method is used where prescription volumes of a drug are not sufficient to justify establishing a Standing Offer Contract.

   Drug manufacturers must provide guaranteed maximum prices for each drug which they have listed in the Saskatchewan Formulary for the effective period of the Formulary – January 1 to June 30, and July 1 to December 31 of each year.

   For a drug listed in an interchangeable category, the Prescription Drug Plan will reimburse the pharmacy for its acquisition cost up to the lowest guaranteed price in the Saskatchewan Formulary for drugs in that interchangeable category.

   Using the following example, the M.A.C. would be 1.8¢:

Brand 1	$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

The Prescription Drug Plan is not directly engaged in the purchase and distribution of drug products. This function is primarily carried out by the aforementioned wholesalers and warehouses under policies and guidelines set out by the Prescription Drug Plan.

Claims Processing

Pharmacists submit accounts (claims) to the Prescription Drug Plan on multi-line claim forms. Those pharmacies with computers have the option of submitting claims through direct computer-to-computer telecommunication linkage.

The claim forms received from pharmacies and dispensing doctors are scanned to ensure completeness, micro-filmed, date stamped and counted. The information from each claim form is then keyed onto disk and transferred to magnetic tape.

For telecommunication claims, the pharmacy must submit batch totals and an authorizing signature on a control document. The telecommunication claim information stored on disk is checked against this control document.

The keyed claim form information on magnetic tape and the telecommunication claim information on disk then enter the computer system where each claim is processed as follows:

1. a) After each claim is read by the computer, it is checked against stored information to determine whether the account can be approved for payment without further review by the Prescription Drug Plan staff.

   b) Certain claims are temporarily retained in the computer system for processing in a subsequent run. For example:

      i) The claim indicates an old registration number of a beneficiary who has been assigned a new Health Services registration number.

      ii) The claim is for a newborn whose beneficiary number has not yet been added to the family registration number on file.

2. Claims which pass the computer screening are automatically paid.

3. Claims which do not pass the computer screening are assessed and, where possible, corrected and reprocessed.

4. Claims which do not pass the computer screening are returned directly to pharmacists without payment in certain circumstances. For example:

   a) The consumer is not an eligible beneficiary.

   b) The drug product provided is not in the Saskatchewan Formulary.

   c) The claim cannot be processed because insufficient information was provided by the pharmacist.

5. A sample of paid claims is selected during each computer run for verification. The Prescription Drug Plan contacts the beneficiaries of these claims to ensure that the service paid for was provided and that all the information on the claim was correct.

The Prescription Drug Plan is the paying agent for the Medical Services Division and the Saskatchewan Health Aids to Independent Living programs for non-formulary prescriptions that are benefits of these two agencies.

Statistical Synopsis

Prescription Drug Plan Beneficiaries

On a family unit basis, 398,282 of 481,022 eligible families (82.8%) received prescriptions (Table II). Each active family unit received an average of 12.3 prescriptions; the average Prescription Drug Plan payment on behalf of each family was $118.79.

The covered population of the Prescription Drug Plan as of June 30, 1983 was 968,111. The number of individuals receiving Prescription Drug Plan benefits in the fiscal year was 675,047, or 70% of the covered population (Table III). On average, each active beneficiary received 7.2 prescriptions for formulary drugs paid for by the Prescription Drug Plan during the twelve month period, compared to 7.1 prescriptions the previous year.

Prescription Drug Plan beneficiaries were divided into three general categories for statistical purposes: Standard Beneficiaries, Saskatchewan Assistance Plan Recipients and Special Beneficiaries (Table IV). Standard Beneficiaries received 90.9% of prescriptions and were responsible for 89.8% of the total Drug Plan payment. Saskatchewan Assistance Plan beneficiaries received 8.7% of all prescriptions and accounted for 9.6% of total expenditures. Special Beneficiaries received 0.4% of all prescriptions and accounted for 0.6% of total expenditures.

Figure 2 represents, by age group, the distribution of Prescription Drug Plan beneficiaries as compared to the eligible population and the percentage of total prescriptions dispensed to each age group. This figure shows that prescription drug utilization increased with age. The highest percent of prescriptions was in the 45 years and older group, particularly those 65 years and older. The 65+ age group made up 12.4% of the eligible population, represented 15.1% of Drug Plan active beneficiaries, and received 34.3% of all prescriptions.

Figure 3 presents the percentage of total Drug Plan prescriptions dispensed to males and females by age group. Females received an average of 6.1 prescriptions per eligible female beneficiary in the fiscal year compared to 4.0 prescriptions per eligible male beneficiary. When sex-specific drugs such as oral contraceptives were excluded, females received an average of 5.4 prescriptions per eligible beneficiary.

In this fiscal year, 55.1% of the active beneficiaries were female and made up 49.8% of the covered population. Females accounted for 60.2% of all prescriptions (including sex-specific drugs), averaging 7.9 prescriptions per active beneficiary as compared to 6.4 prescriptions for active male beneficiaries. For all age groups beyond age 14, females received more prescriptions per active beneficiary.

Figure 2: Active Beneficiaries and Prescriptions Dispensed by Age Groups

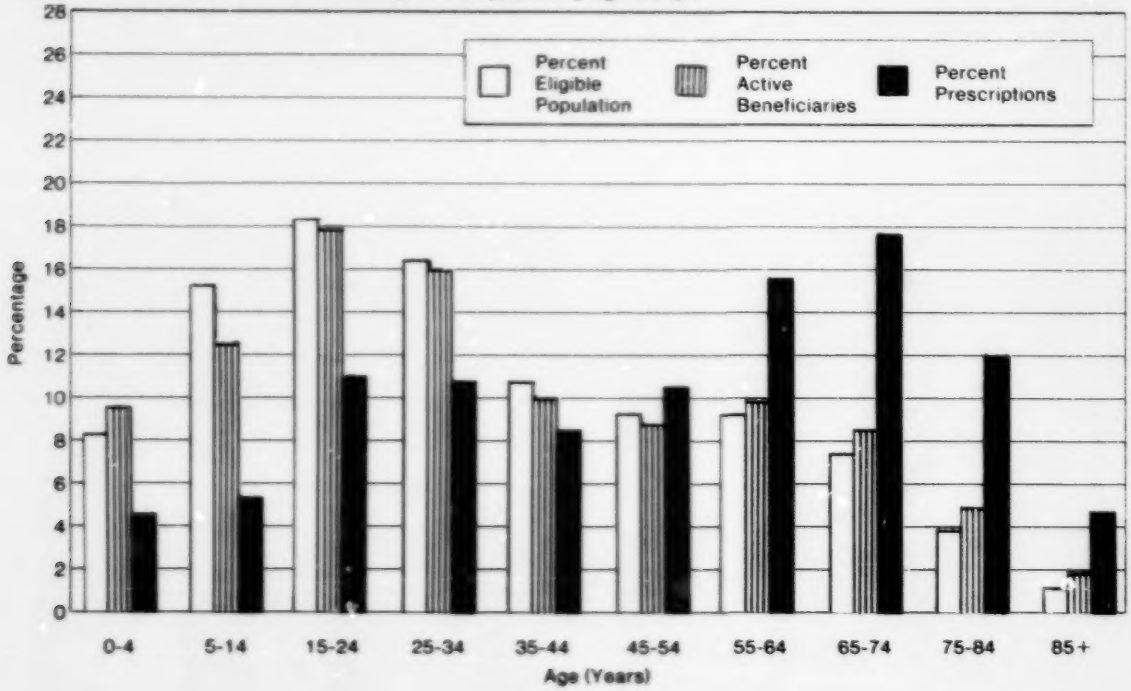
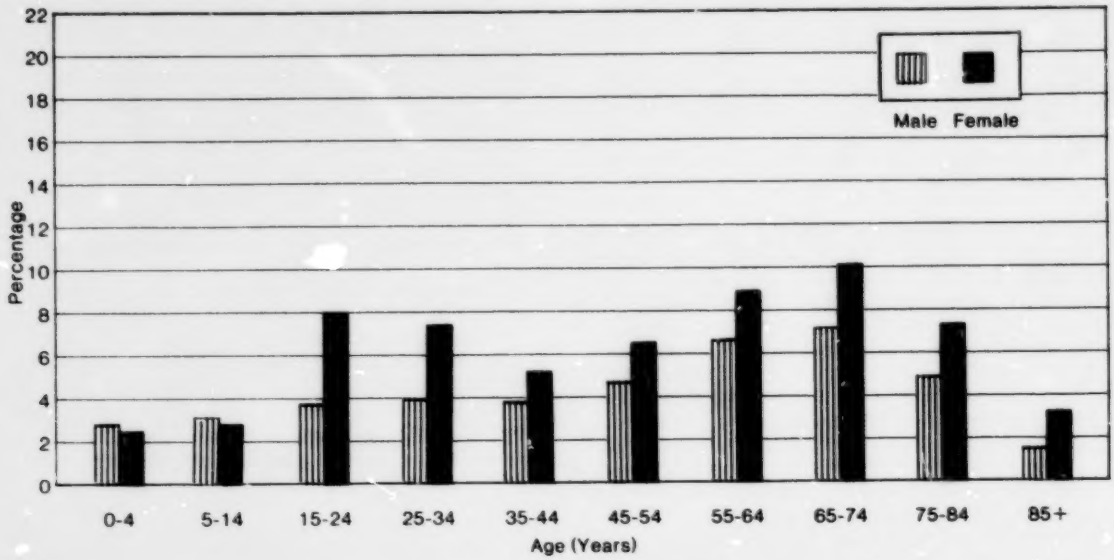


Figure 3: Percentage Total Prescriptions by Sex and Age Group



Drugs

During 1983-84, the Prescription Drug Plan provided coverage for 4.88 million prescriptions compared to 4.68 million prescriptions during 1982-83. This represents a 4.2% increase in prescription volume.

Table V shows prescription volume and Prescription Drug Plan expenditures by Pharmacologic-Therapeutic Classification. Four categories, Central Nervous System (CNS) Drugs, Anti-Infectives, Cardiovascular Drugs, and Hormones and Substitutes, accounted for 73.0% of all prescriptions and 70.9% of all Drug Plan payment.

Figure 4 shows proportional prescription volume by Pharmacologic-Therapeutic Classification for the last four fiscal years. The proportional prescription volume for Cardiovascular Drugs increased steadily over this time period, while a decline occurred in the proportional use of Electrolytic and Water Balance Drugs and Skin and Mucous Membrane preparations. Over the same time period, the proportional use of CNS Drugs and Hormones and Substitutes remained relatively stable. Although Anti-Infective drug use increased in 1982-83, in the 1983-84 fiscal year the proportional use of Anti-Infectives decreased by 0.9%.

Figure 4: Prescription Volume by Pharmacologic-Therapeutic Classification

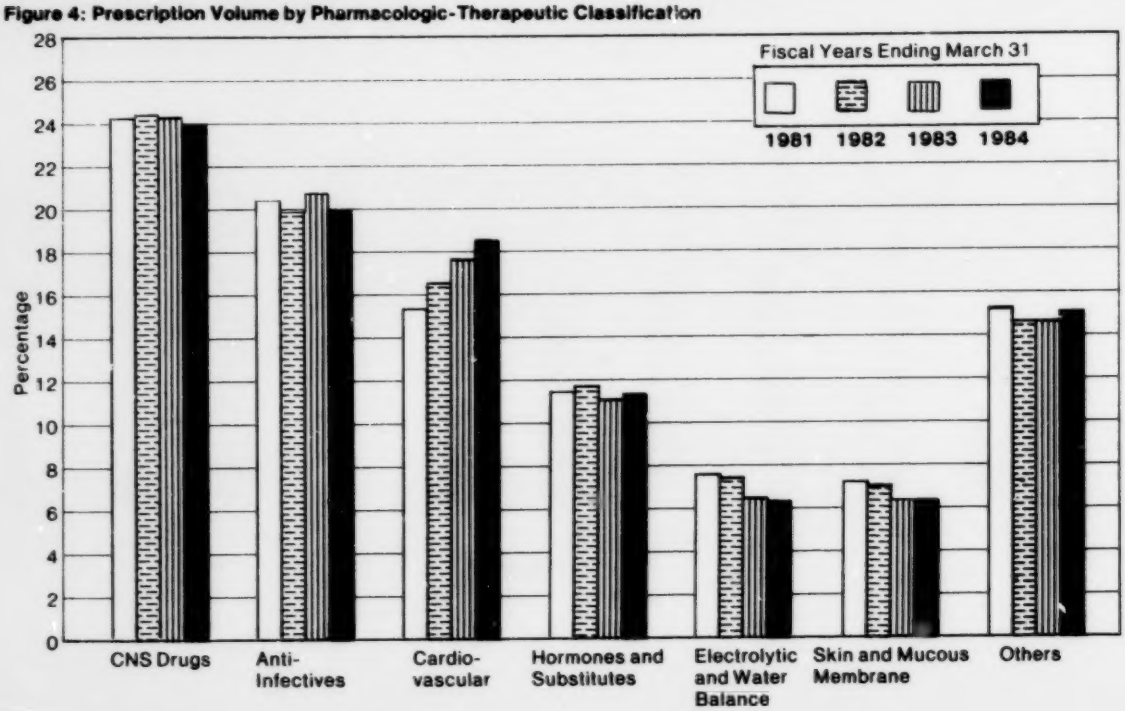


Figure 5: Comparative Prescription Volume: Central Nervous System Drugs

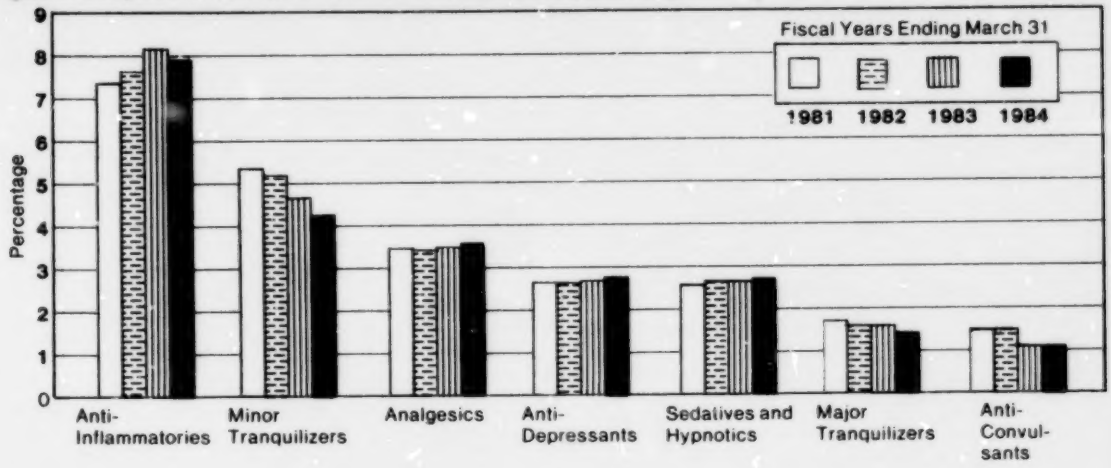


Figure 5 presents a subdivision of CNS drugs showing proportional prescription volume within the category. Anti-arthritic drugs (anti-inflammatories) were the most widely prescribed CNS drugs over the past few years. This class accounted for 7.9% of all prescriptions in 1983-84 as compared to 7.2% in 1980-81. The use of Minor Tranquilizers declined in each of the last four years. These drugs accounted for 5.3% of all prescriptions in 1980-81 compared to 4.3% in 1983-84. The proportional use of Analgesics increased by 0.1% in the current fiscal year, while the proportional use of Antidepressants increased by 0.1%. The use of Sedatives and Hypnotics, Anticonvulsants, and Major Tranquilizers remained stable.

Drug Plan expenditures for the medical oxygen program totalled $660,534. There were 836 beneficiaries (Table VI).

Not included in the tables of the Statistical Synopsis are approximately 14,745 Exception Status prescriptions covered by the Prescription Drug Plan during 1983-84. Over 4,000 beneficiaries received Exception Status prescriptions during the fiscal year. Total Prescription Drug Plan payment for these prescriptions was $771,771. Also, not included in the tables of the Statistical Synopsis are 73,577 prescriptions processed on behalf of Medical Services Division and Saskatchewan Health Aids to Independent Living.

Prescribers

Table VII shows a frequency distribution of prescribers by the number of prescriptions paid by the Prescription Drug Plan during the fiscal year. The table excludes prescribers with fewer than 20 formulary prescriptions during 1983-84. Both new and repeat prescriptions are included in the table. Of the 1,611 prescribers included in Table VII, 607 prescribed between 20 and 499 prescriptions paid by the Prescription Drug Plan and 94 prescribed 10,000 or more prescriptions.

Pharmacies

A total of 376 pharmacy outlets received payment from the Prescription Drug Plan in the fiscal year. Of these, 68.3% were independent pharmacies and 18.1% were chain outlets (Table X). The prescription volume in independent pharmacies increased from 61.2% in 1982-83 to 61.9% in 1983-84, while the volume in chain stores decreased from 29.8% to 29.4% over the same period. Although independent pharmacies had the largest share of prescription volume, chain stores captured a greater volume than their numbers would predict.

Table I
Prescription Drug Plan Payments to Pharmacies

Statistical Tables[1]	
Prescription Drug Plan Payments	
Drug Material Cost	$40,246,080
Dispensing Fee Subsidy	7,067,607
Total Prescription Drug Plan Payment	$47,313,687
Manual Adjustments[2]	130,785
Net Payment to Pharmacies	$47,444,472
Financial Statements	
Reimbursements to Pharmacies	
Drug Material Cost[3]	$40,361,018
Distribution Charges[4]	7,083,454
Net Payment to Pharmacies	$47,444,472

[1] Statistical Tables II to XIV do not reflect manual adjustments, medical oxygen or exception status drugs expenditures.

[2] Manual adjustments include year-end adjustments made in accordance with accounting policies and other adjustments. See Notes to Financial Statements page 27.

[3] See Statement of Revenue, Expenditure, and Fund Balance page 25.

[4] Refers to dispensing fee subsidies paid by the Prescription Drug Plan. See Statement of Revenue, Expenditure and Fund Balance page 25.

Table II
Prescription Costs to Families

Cost to Family (Consumer Cost)[1]	Number of Families	Number of Prescriptions	Drug Material Cost	Total Drug Plan Payment	Total Family Payments (Consumer Cost)	Total Credits to Pharmacies[2]
Non-Users	82,740	—	—	—	—	—
$ 0.00 - 10.00[3]	96,682	323,478	$ 2,191,509	$ 3,331,864	$ 463,343	$ 3,795,207
10.01 - 20.00	76,898	325,972	2,377,557	2,863,967	1,138,908	4,002,874
20.01 - 30.00	42,297	296,782	2,335,017	2,746,561	1,057,265	3,803,826
30.01 - 40.00	41,505	388,831	3,095,454	3,612,216	1,418,488	5,030,704
40.01 - 50.00	31,081	383,429	3,019,603	3,520,627	1,403,118	4,923,745
50.01 - 60.00	16,607	250,184	1,997,483	2,321,640	912,117	3,233,757
60.01 - 70.00	17,750	309,886	2,516,395	2,914,812	1,142,406	4,057,218
70.01 - 80.00	13,397	273,772	2,259,050	2,608,076	1,009,677	3,617,753
80.01 - 90.00	8,936	206,164	1,707,804	1,970,141	759,045	2,729,186
90.01 - 100.00	9,553	244,249	2,081,162	2,391,241	904,705	3,295,946
100.01 - 150.00	24,828	815,721	7,044,111	8,076,239	3,020,734	11,096,973
150.01 - 200.00	10,574	488,370	4,340,969	4,955,019	1,810,987	6,766,006
200.01 - 300.00	6,602	420,763	3,865,960	4,393,780	1,561,299	5,955,079
300.01 and over	1,572	154,684	1,414,006	1,607,504	573,538	2,181,042
	481,022[4]	4,882,285	$40,246,080	$47,313,687	$17,175,630	$64,489,316

[1] These figures are based on maximum prescription charges and do not reflect discounting practised by some pharmacies (see Table XII).

[2] Calculated as the sum of Total Drug Plan Payments plus Total Family Payments (see footnote 1 above).

[3] Non-standard beneficiaries receiving prescriptions without charge are shown in this group (see page 10).

[4] Total number of families eligible for Drug Plan benefits. Derived from the Saskatchewan Hospital Services Plan Covered Population Report 1983.

Table III
Prescription Drug Utilization by Age and Sex of Consumer[1]

Age of Consumer	Eligible Population[2]	Active Beneficiaries[3]	Number of Prescriptions	Drug Material Cost	Total Drug Plan Payment[4]
Male					
0 - 4 years	40,006	32,984	120,899	$ 584,666	$ 787,943
5 - 14	75,527	42,029	124,596	870,341	1,067,147
15 - 24	91,126	48,719	157,600	1,092,324	1,336,460
25 - 34	82,185	45,659	175,976	1,415,816	1,676,592
35 - 44	52,735	31,089	165,337	1,480,943	1,722,953
45 - 54	45,034	27,854	213,275	2,052,261	2,358,365
55 - 64	44,454	30,350	325,245	3,195,257	3,653,683
65 - 74	33,998	26,054	357,980	3,297,562	3,774,933
75 - 84	16,778	14,274	232,740	1,965,812	2,289,408
85 and over	4,505	4,083	71,515	504,572	628,089
Male Total	486,348	303,095	1,945,163	$16,459,554	$19,295,573
Female					
0 - 4 years	37,929	30,893	106,502	$ 505,461	$ 685,783
5 - 14	72,243	42,472	122,750	787,200	982,420
15 - 24	86,878	72,388	373,883	3,184,739	3,737,781
25 - 34	77,994	63,057	347,624	2,920,034	3,392,100
35 - 44	51,096	37,039	237,522	1,941,072	2,265,206
45 - 54	44,035	32,492	297,372	2,517,299	2,932,448
55 - 64	46,378	36,262	441,217	3,838,390	4,455,985
65 - 74	37,543	31,525	500,407	4,266,348	4,927,060
75 - 84	20,295	18,684	359,316	2,839,505	3,356,689
85 and over	7,372	7,140	150,529	986,478	1,282,642
Female Total	481,763	371,952	2,937,122	$23,786,526	$28,018,114
Both Sexes					
0 - 4 years	77,935	63,877	227,401	$ 1,090,127	$ 1,473,726
5 - 14	147,770	84,501	247,346	1,657,541	2,049,567
15 - 24	178,004	121,107	531,483	4,277,063	5,074,241
25 - 34	160,179	108,716	523,600	4,335,850	5,068,692
35 - 44	103,831	68,128	402,859	3,422,015	3,988,159
45 - 54	89,069	60,346	510,647	4,569,560	5,290,813
55 - 64	90,832	66,612	766,462	7,033,647	8,109,668
65 - 74	71,541	57,579	858,387	7,563,910	8,701,993
75 - 84	37,073	32,958	592,056	4,805,317	5,646,097
85 and over	11,877	11,223	222,044	1,491,050	1,910,731
Grand Total	968,111	675,047	4,882,285	$40,246,080	$47,313,687

[1] All active beneficiaries appear in the age and sex group which applied as of the last benefit prescription received.

[2] See page 8, Eligibility for Benefits. Eligible population was derived from the Saskatchewan Hospital Services Plan Covered Population Report, 1983.

[3] Number of persons to whom at least one prescription was dispensed and paid for by the Prescription Drug Plan.

[4] Includes drug material cost and dispensing fee subsidy plus the prescription charge subsidy for Special Beneficiaries and certain Saskatchewan Assistance Plan Beneficiaries.

Table IV
Prescription Drug Utilization by Type of Beneficiary

Type of Beneficiary [1]	Active Beneficiaries	Number of Prescriptions	Total Drug Plan Payments
Standard Beneficiaries	630,740	4,438,112	$42,505,780
Saskatchewan Assistance Plan			
— No Supplementary Coverage	26,020	170,257	1,515,981
— Special Coverage	6,355	24,398	353,278
— Full Drug Coverage to age 18 [2]	16,817	50,843	539,764
— Full Drug Coverage	11,654	180,760	2,111,240
Special Beneficiaries			
— Paraplegics	674	10,538	158,217
— Cystic Fibrosis	96	1,373	30,559
— Chronic Renal Disease	172	5,999	98,743
— Other	1	5	125
Total	675,047[3]	4,882,285	$47,313,687

[1] See Page 10 for definitions of Type of Beneficiaries.

[2] Dependents of Saskatchewan Assistance Plan beneficiaries with no supplementary coverage.

[3] The total number receiving benefit does not equal this column total because a beneficiary may be covered in more than one category during the fiscal year.

Table V
Prescriptions by Pharmacologic — Therapeutic Classification

Pharmacologic — Therapeutic Classification [1]		Number of Prescriptions	Drug Material Cost	Total Drug Plan Payment
8:00	Anti-Infectives	956,612	$ 4,915,600	$ 6,301,168
12:00	Autonomic Drugs	166,401	1,683,341	1,947,546
20:00	Blood Formation and Coagulation	13,592	76,086	94,892
24:00	Cardiovascular Drugs	892,636	7,308,584	8,503,466
28:00	Central Nervous System Drugs	1,164,084	11,533,803	13,290,003
36:00	Diagnostic Agents	33,836	334,992	378,121
40:00	Electrolytic, Caloric and Water Balance	307,313	1,481,554	1,931,134
48:00	Cough Preparations	190	5,385	6,040
52:00	Eye, Ear, Nose and Throat Preparations	179,119	1,320,149	1,569,849
56:00	Gastrointestinal Drugs	122,344	2,295,543	2,469,381
60:00	Gold Compounds	1,114	43,954	45,394
64:00	Metal Antagonists	2,918	73,243	77,092
68:00	Hormones and Substitutes	551,149	4,643,204	5,462,165
76:00	Oxytocics	282	661	1,047
84:00	Skin and Mucous Membrane Preparations	277,400	2,450,053	2,846,617
86:00	Spasmolytics	58,798	445,571	530,050
88:00	Vitamins	37,338	111,657	171,539
92:00	Unclassified	80,101	1,220,402	1,336,290
	Extemporaneous Preparations	37,058	302,298	351,893
Total		4,882,285	$40,246,080	$47,313,687

[1] The drug classification system used is that of the American Society of Hospital Pharmacists.

Table VI
Oxygen Use by Age of Consumer

Age of Consumer	Number of Beneficiaries	Volume Received litres (000)
0 - 14	16	4 174 141
15 - 24	10	2 125 383
25 - 34	7	2 256 730
35 - 44	29	1 915 947
45 - 54	37	3 944 393
55 - 64	147	24 484 155
65 - 74	310	29 680 535
75 - 84	206	10 732 729
85 and over	74	2 015 372
Total	836	81 329 385

Table VII
Prescribers by Number of Prescriptions

Number of Prescriptions [2]	Number of Prescribers [1] Physicians	Dentists	Total
20 - 499	355	252	607
500 - 999	127	4	131
1,000 - 1,999	175	3	178
2,000 - 2,999	113	–	113
3,000 - 3,999	93	–	93
4,000 - 4,999	92	–	92
5,000 - 5,999	91	–	91
6,000 - 6,999	85	–	85
7,000 - 7,999	49	–	49
8,000 - 8,999	46	–	46
9,000 - 9,999	32	–	32
10,000 - 10,999	19	–	19
11,000 - 11,999	28	–	28
12,000 - 12,999	15	–	15
13,000 - 13,999	11	–	11
14,000 - 14,999	5	–	5
15,000 - 19,999	14	–	14
20,000 and over	2	–	2
Total	1,352	259	1,611

[1] Excludes physicians and dentists with fewer than 20 prescriptions during the fiscal year.

[2] Includes new and repeat prescriptions.

Table VIII
Prescription Volumes by Number of Pharmacies

Number of Prescriptions	Number of Pharmacies 1982-83	Number of Pharmacies 1983-84
1 - 10,000	177	176
10,001 - 20,000	125	127
20,001 - 30,000	42	45
30,001 - 40,000	15	14
over 40,000	10	14
Total	369	376

Table IX
Prescription Volumes by Pharmacy Location

Location of Pharmacy	Number of Pharmacies [1]	Number of Prescriptions	Total Drug Plan Payment
Single Pharmacy Towns	89	855,300	$ 7,830,725
2 - 4 Pharmacy Towns	61	750,413	7,059,144
Cities			
Estevan	6	75,196	742,289
Lloydminster [2]	3	26,362	228,351
Melfort	5	65,986	648,777
Melville	3	57,965	490,325
Moose Jaw	11	250,790	2,309,545
North Battleford	8	118,415	1,240,727
Prince Albert	12	236,994	2,107,763
Regina	48	1,003,403	10,050,867
Saskatoon	53	923,264	9,602,446
Swift Current	7	149,528	1,521,118
Weyburn	5	105,292	1,021,380
Yorkton	8	139,896	1,341,275
Dispensing Doctors	22	85,031	749,405
Border Pharmacies	35	38,450	369,547
Total	376	4,882,285	$47,313,687

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the current fiscal year.

[2] Does not include two pharmacies located in Lloydminster, Alberta. These are included as Border Pharmacies.

Table X
Pharmacies by Type of Ownership

Type of Ownership	Pharmacies [1] Number	Pharmacies [1] Percent	Prescriptions Number	Prescriptions Percent	Drug Plan Payment Amount	Drug Plan Payment Percent
Independent	257	68.3	3,023,718	61.9	$28,927,711	61.1
Chain [2]	68	18.1	1,435,266	29.4	14,197,481	30.0
Co-operatives	26	7.0	320,570	6.6	3,223,037	6.8
Dispensing Doctor	22	5.8	85,031	1.7	749,405	1.6
Hospital Outpatient	3	0.8	17,700	0.4	216,053	0.5
Total	376	100.0	4,882,285	100.0	$47,313,687	100.0

[1] Includes all pharmacies that received payment from the Prescription Drug Plan in the current fiscal year.

[2] Defined as common ownership of four or more stores.

Table XI
Dispensing Fees and Prescription Charges [1]

	March 31, 1983	March 31, 1984
Maximum dispensing fee [2]	$5.02	$5.30
Average dispensing fee	$4.90	$5.16
Maximum prescription charge	$3.75	$3.95
Average prescription charge	$3.71	$3.89

[1] Based on dispensing fees and declared prescription charges in effect as of March 31 of each year. Prescription charges do not reflect courtesy discounts which some pharmacies provide to senior citizens.

[2] In consultation with the Saskatchewan Pharmaceutical Association.

Table XII
Prescription Charges by Pharmacies
at March 31, 1984

Prescription Charge [1]	Number of Pharmacies
$1.95	5
$2.40 - $2.99	3
$3.00 - $3.59	4
$3.60 - $3.79	16
$3.80 - $3.90	1
- $3.95	327
Total	356

[1] Based on prescription charges in effect as of March 31, 1984. Prescription charges do not reflect the courtesy discounts which some pharmacies provide to senior citizens.

Table XIII
Number of Pharmacies by Levels of Prescription Charges [1]

	Number of Pharmacies	
	March 31, 1983	March 31, 1984
Maximum prescription charge	326	327
Reduced prescription charge	25	29
Total	351	356

[1] Based on declared prescription charges as of March 31 of each year. Prescription charges do not reflect the courtesy discounts which some pharmacies provide to senior citizens.

Table XIV
Drug Material Cost by Manufacturer

Manufacturer	Drug Material Cost	
	1982-83	1983-84
Abbott Laboratories Ltd.	$ 745,184	$ 806,314
Alcon Canada Inc.	96,222	112,156
Allen and Hanburys	1,223,472	1,532,885
Allergan Inc.	35,858	63,654
Ames Company	86,746	104,672
Anca Inc.	79,325	58,260
Apotex Inc.	595,870	911,829
Ayerst Laboratories	1,603,689	2,186,698
Astra Pharmaceuticals Canada Ltd.	228,527	326,738
Beecham Laboratories Inc.	17,299	18,408
Boehringer Ingelheim (Canada) Ltd.	379,634	431,896
Boehringer Mannheim (Canada) Ltd.	—	56,008
Bristol Laboratories of Canada	155,162	260,904
Burroughs Wellcome Inc.	426,971	483,783
Calmic Medical Division	156,544	191,485
Ciba Pharmaceuticals	632,426	882,301
Connaught Laboratories Ltd.	565,133	695,092
CooperVision Inc.	17,063	23,162
Endo Canada Inc.	65,999	92,961
Fisons Corporation Ltd.	441,416	654,928
Flint Laboratories of Canada	11,981	3,613
Frosst	1,371,458	1,703,382
Geigy Pharmaceuticals	1,005,554	1,336,132
Glaxo Laboratories	313,477	324,681
Hoechst Canada Inc.	308,697	349,606
Hoffmann-LaRoche Ltd.	521,857	576,698
Frank W. Horner Inc.	744,329	690,315
ICI Pharma	—	3,219
ICN Canada Ltd.	220,352	273,786
Janssen Pharmaceutica Inc.	2,517	106,730
K-Line Pharmaceuticals Ltd.	51,255	70,713
Lederle Products Department	190,159	198,564
Lifescan Medical Products	—	541
Eli Lilly Canada Inc.	1,169,206	1,232,107
McNeil Pharmaceutical (Canada) Ltd.	332,009	299,127
Merck Sharpe & Dohme Canada Ltd.	2,221,849	2,952,249

Table XIV
Drug Material Cost by Manufacturer — Continued

Manufacturer	Drug Material Cost 1982-83	1983-84
Merrell Pharmaceuticals Inc.	179,632	256,714
Miles Pharmaceuticals	410,430	897,188
Nadeau Laboratory Ltd.	16,146	16,128
Nordic Laboratories Inc.	137,455	265,000
Novopharm Ltd.	1,868,927	1,978,931
Norwich-Eaton	229,520	287,157
Organon Canada Ltd.	48,151	53,143
Ortho Pharmaceutical (Canada) Ltd.	821,036	897,891
Parke, Davis Canada Inc.	609,665	699,818
Pentagone Laboratories Ltd.	4,863	4,347
Pennwalt Inc.	235	124
Pfizer Canada Inc.	2,677,189	2,829,920
Pharmacia (Canada) Inc.	83,048	79,546
The Purdue Frederick Inc.	56,664	71,139
Reed & Carnrick	13,241	17,395
Rhone-Poulenc Pharma Inc.	689,255	828,788
Riker Canada Inc.	10,408	11,975
A. H. Robins Canada Inc.	80,713	101,483
Rorer Canada Inc.	40,349	57,073
Rougier Inc.	21,597	6,376
Roussel Canada Inc.	127,441	161,748
Sabex International (1980) Ltd.	435	310
Sandoz Pharmaceuticals	847,731	1,062,126
Schering Canada Inc.	427,523	456,102
G. D. Searle & Co. of Canada Ltd.	572,233	803,303
Smith Kline & French Canada Ltd.	1,877,182	1,975,062
Squibb Canada Inc.	673,427	800,944
Stanley Drug Products Ltd.	25,515	27,396
Stiefel Canada Inc.	16,022	21,342
Syntex Inc.	1,609,657	1,145,533
Trans Canada Dermapeutics Ltd.	6,013	12,917
The Upjohn Company of Canada	1,093,275	1,411,615
USV Canada Inc.	123,482	180,338
Westwood Pharmaceuticals	49,199	54,772
Winthrop Laboratories	240,763	266,940
Wyeth Ltd.	1,721,306	2,187,601
Extemporaneous Preparations[1]	244,629	302,298
Total	$33,671,597	$40,246,080

[1] Extemporaneous Preparations are compounded by the pharmacist.

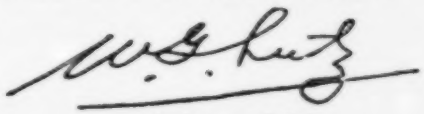
Financial Statements
Year Ended March 31, 1984

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Prescription Drug Plan as at March 31, 1984 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Saskatchewan Prescription Drug Plan as at March 31, 1984 and the results of its transactions for the year then ended in accordance with the accounting principles described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
September 6, 1984.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Balance Sheet
March 31, 1984

Statement 1

(with comparative figures at March 31, 1983)

	1984	1983
Assets		
Fixed assets — at cost		
Furniture and Equipment	$ 49,123	$ 49,677
Liabilities and Equity		
Equity in fixed assets	$ 49,123	$ 49,677

(See accompanying notes to the financial statements)

Statement of Revenue, Expenditure, and Fund Balance
Year Ended March 31, 1984

Statement 2

(with comparative figures at March 31, 1983)

	1984	1983
Revenue		
Grant — Province of Saskatchewan	$51,521,440	$43,103,791
Standing offer contract acquisition cost adjustments	16,980	44,460
Miscellaneous revenue	4,940	3,384
Audit recoveries	15,251	85,850
Total revenue	51,558,611	43,237,485
Expenditure		
Drug material cost	40,361,018	33,450,350
Special status drugs and oxygen reimbursements	1,432,305	979,825
Dispensing fee subsidies	7,083,454	6,185,396
Administrative disbursements (Schedule 1)	2,647,364	2,506,605
Acquisition of fixed assets	376	1,418
Receipts on behalf of Consolidated Fund	34,094	113,920
Total expenditure	51,558,611	43,237,514
Excess of (expenditure over revenue) revenue over expenditure	—	(29)
Fund balance, beginning of year	—	29
Fund balance, end of year	$ —	$ —

(See accompanying notes to the financial statements)

Schedule of Administrative Disbursements
Year Ended March 31, 1984

Schedule 1

(with comparative figures for the 1983 year)

	1984	1983
Salaries	$ 1,426,333	$ 1,491,641
Registration services (S.H.S.P.)	394,970	333,580
Computer services	279,975	215,006
Employee fringe benefits	96,134	97,053
Printing and advertising	64,503	71,810
Rent of office equipment	58,897	62,270
Grant to University of Saskatchewan	63,525	46,330
Stationery and office supplies	38,671	50,129
Laboratory fees	50,565	40,587
Travel and sustenance	28,117	26,161
Honorariums	23,677	22,445
Postage and communication	19,287	17,825
Repairs and maintenance	17,277	15,175
Telecommunications	14,261	7,992
Educational and professional fees	4,607	5,401
Research and consulting fees	61,520	3,200
Miscellaneous contractual services	5,045	–
	$ 2,647,364	$ 2,506,605

Notes to Financial Statements
March 31, 1984

1. Accounting Policies

(a) The Saskatchewan Prescription Drug Plan follows the modified cash basis of accounting wherein revenue is recorded as collected and expenditures are recorded when payments are made. The financial statements reflect the cash basis of accounting with the following exceptions:

(i) Revenue
Receipts relating to the current year received up to April 30 of the following fiscal year are recorded as receipts of the period.

(ii) Drug material costs and distribution charges
Expenditure for claims received and relating to drugs dispensed prior to March 31, and paid before April 30 of the next fiscal year are recorded as expenditures of the period.

The following amounts for claims dispensed by pharmacies but not received by the Plan prior to March 31 have not been reflected in the financial statements

1984	1983
$1,099,588	$ 949,221

(iii) Administration costs
Expenditures for goods or services rendered before March 31 and paid before April 30 of the next fiscal year are recorded as expenditures of the period.

(iv) Grant — Province of Saskatchewan
A grant from the Province of Saskatchewan is received to the extent of costs incurred to operate the Plan. Any excess received during the year is returned to the Consolidated Fund at year end.

(b) In accordance with government accounting policy, costs which are not normally allocated between government agencies, such as occupancy costs, office services and personnel administration are not charged to the Plan.

(c) Acquisition costs of fixed assets are current expenditures in the year the assets are acquired with a corresponding entry to "Equity in Fixed Assets". Because asset purchases and sales appear in the statement of revenue and expenditure, no provision has been made for depreciation on fixed assets. When fixed assets are retired, sold or abandoned the original costs are removed from the fixed asset accounts together with a corresponding entry to equity in fixed assets.

2. Authority

The Prescription Drugs Act stipulates that moneys appropriated by the Legislature for the purposes of the Act shall be credited to a fund designated by the Minister of Finance. A fund designated as the Saskatchewan Prescription Drug Plan was created by the Minister of Finance by Ministerial Order #93 dated December 12, 1974.